

VZCZCXRO5568
RR RUEHAG RUEHAST RUEHDF RUEHHM RUEHIK RUEHLN RUEHLZ RUEHMA RUEHPB
RUEHPOD RUEHROV RUEHSR RUEHTM RUEHTRO
DE RUEHFR #0520/01 1001550
ZNR UUUUU ZZH
R 101550Z APR 09
FM AMEMBASSY PARIS
TO RUEHC/SECSTATE WASHDC 6019
INFO RHEBAAA/USDOE WASHDC
RUCPDOG/USDOC WASHDC
RUEHZN/ENVIRONMENT SCIENCE AND TECHNOLOGY COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE

UNCLAS SECTION 01 OF 02 PARIS 000520

SIPDIS
NOT FOR INTERNET DISTRIBUTION

E.O. 12958: N/A
TAGS: [ENRG](#) [SENV](#) [EFIN](#) [KGHG](#) [FR](#)

SUBJECT: GREEN INVESTMENTS IN FRENCH STIMULUS
PACKAGE

REF: STATE 26022

¶1. Summary: "Green" investments, as defined reftel, account for roughly 3.5 Q 4.0 billion euros of the 26 billion euro French economic stimulus package passed in February 2009. Funds for public rail, energy generation, alternative energy investments, nuclear power, energy distribution and transport figure among allocations. In addition, a portion of the GOF's three billion euro loans to automakers Renault and PSA-Peugeot-Citroen France's will go towards investments in low-emission vehicles. The bulk of the new investment spending had been planned for 2010 or 2011, and was accelerated under the stimulus package. End summary.

RENEWABLE ENERGY

¶2. The French stimulus package allocates nearly 333 million euros for renewable energy efforts. Of a total 2.5 billion euros to be allocated to Electricite de France (EDF), 300 million will be directed toward renewable energy, including the construction of three solar power plants. Thirty million euros will be used for energy efficiency modernizations in agricultural equipment. This includes biomass wood energy, solar-fired heaters, solar drying of fodder and construction of 30 units for methanization processes. The French Postal Service will spend 2.3 million euros of its total 600 million euro stimulus package allocation on a solar power station.

ENERGY EFFICIENCY

¶3. The stimulus package overall allocates approximately 550 million euros toward energy efficiency improvements. Fifty million euros will be spent on energy audits for French Government buildings before 2010. An additional 150 million will go towards improvements in government facility heating, accessibility, functionality and architectural quality, with the aim of reducing energy consumption at these locations by 40%. Ten million euros will be allocated to the installation of energy meters in government buildings, and 200 million euros will be spent on renovations and energy efficiency improvements for residential housing.

¶4. Of the total 600 million euros going to the French Postal Service, 120 million will be used for sustainable development in postal service buildings

(including improvements in energy efficiency). An estimated 20 million euros will be invested in new energies and sustainable development at French National Railway (SNCF) stations.

IMPROVEMENTS TO THE POWER GRID

¶5. The stimulus package allocates 600 million to EDF for improvements to electricity distribution networks. Of this, 300 million will go to improving the safety and quality of power grids. And 800 million will be divided between improvements to electricity and natural gas distribution network.

MASS TRANSPORTATION INVESTMENTS

¶6. Mass transportation is to receive 950 million euros in stimulus allocations. French National Railway (SNCF) will receive 400 million euros for modernization of rolling stock and station renovations (including energy efficiency and information systems improvements). The Paris Metro Authority (RATP) is to receive 450 million euros to renew rolling stock and improve mass transit stations, including accessibility.

GREEN INVESTMENTS IN THE AUTO SECTOR

¶7. As part of the GOF auto sector aid package, French car makers Renault SA and PSA Peugeot-Citroen are each receiving government-backed loans totaling three billion euros over a period of five years at an interest rate of six percent. The companies have

PARIS 00000520 002 OF 002

pledged to use the loans to develop more fuel-efficient, low-emission vehicles. PSA will continue its research on a range of cleaner technologies, such as stop-start systems, hybrid powertrains, plug-in hybrids and electric cars. Renault says it will use its allocation in part to finance the development of vehicles with zero or low CO2 emissions.

¶8. New consumer incentives are planned to boost the GOF's existing "bonus-malus" system of tax incentives that favor the purchase of low-emission vehicles. President Sarkozy announced in February that the GOF will provide rebates of up to one thousand euros for car buyers who scrap older, higher-(CO2)emission vehicles.

OIL, GAS OR COAL

¶9. Fossil fuel-related initiatives account for approximately 1.1 billion euros of the French stimulus. 200 million euros will be allocated to GDF-Suez for upgrading natural gas distribution networks, and 15 million euros for an underground gas connection in Toulon. (This is part of the total 800 million euro investment in gas and electricity energy distribution networks.)

¶10. Of EDF's 2.5 billion euro allocation, 300 million will support development of new means of production, including the construction of combined-cycle gas turbine power plants (CCGT). The first plant of this kind opened in France in 2005. In addition the funds will be used for maintenance and improvements at existing fossil plants.

NUCLEAR ENERGY

¶11. Approximately 990 million euros will be spent, via EDF, on nuclear power-related projects. Funds will be used for maintenance and improvements to

existing plants, construction of new storage sites, a laboratory for irradiated material and an EPR reactor simulator. It will also be used to renew generator stator coils at several existing plants.

EXPENDITURE TIMELINE

¶12. While a large portion of the French economic stimulus is scheduled to be dispersed in the next two years, several of the energy efficiency projects extend into 2012 or 2013. The auto sector loans have a five-year term.

PEKALA